

103D CONGRESS  
2D SESSION

# S. 2057

To replace the Aid to Families with Dependent Children Program under title IV of the Social Security Act and a portion of the food stamp program under the Food Stamp Act of 1977 with a block grant to give the States the flexibility to create innovative welfare to work programs, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

MAY 3 (legislative day, MAY 2), 1994

Mr. KOHL (for himself, Mr. GRASSLEY, and Mr. EXON) introduced the following bill; which was read twice and referred to the Committee on Finance

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# A BILL

To replace the Aid to Families with Dependent Children Program under title IV of the Social Security Act and a portion of the food stamp program under the Food Stamp Act of 1977 with a block grant to give the States the flexibility to create innovative welfare to work programs, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-  
2       tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4       (a) **SHORT TITLE.**—This Act may be cited as the  
5       “Welfare to Work Act of 1994”.

1        (b) TABLE OF CONTENTS.—The table of contents of  
2 this Act is as follows:

See. 1. Short title; table of contents.  
See. 2. Findings.  
See. 3. Purpose.  
See. 4. Definition of State.  
See. 5. Applications by States.  
See. 6. State welfare to work program described.  
See. 7. State grants.  
See. 8. State maintenance of effort.  
See. 9. Termination of certain Federal welfare programs.  
See. 10. Eligibility for WIC program.  
See. 11. Secretarial submission of legislative proposal for amendments to med-  
icaid eligibility provisions and technical and conforming amend-  
ments.

3 **SEC. 2. FINDINGS.**

4        The Congress finds the following:

5                (1) The current welfare system is broken and  
6 requires replacement.

7                (2) Work is what works best for American  
8 families.

9                (3) Since State and local governments know the  
10 best methods of connecting welfare recipients to  
11 work and since each community faces different cir-  
12 cumstances, Federal assistance to the States should  
13 be flexible.

14                (4) Government has the responsibility to pro-  
15 vide a helping hand to assist individuals but individ-  
16 uals have the responsibility to use the assistance to  
17 help themselves.

1 **SEC. 3. PURPOSE.**

2        The purpose of this Act is to create a block grant  
3 program to replace the aid to families with dependent chil-  
4 dren program under title IV of the Social Security Act  
5 and a portion of the food stamp program under the Food  
6 Stamp Act of 1977 and give the States the flexibility to  
7 create innovative welfare to work programs.

8 **SEC. 4. DEFINITION OF STATE.**

9        For purposes of this Act, the term "State" means  
10 each of the several States of the United States, the Dis-  
11 trict of Columbia, the Commonwealth of Puerto Rico, the  
12 Virgin Islands, Guam, and American Samoa.

13 **SEC. 5. APPLICATIONS BY STATES.**

14        (a) **IN GENERAL.**—Each State desiring to receive a  
15 grant to operate a State welfare to work program de-  
16 scribed in section 6 shall annually submit an application  
17 to the Secretary of Health and Human Services (hereafter  
18 in this Act referred to as the "Secretary") containing the  
19 matter described in subsection (b) in such manner as the  
20 Secretary may require.

21        (b) **CONTENTS.**—

22            (1) **FISCAL YEAR 1995.**—An application for a  
23 grant to operate a State welfare to work program  
24 during fiscal year 1995 shall contain a description of  
25 the program in accordance with section 6.

26            (2) **SUBSEQUENT FISCAL YEARS.**—

1 (A) IN GENERAL.—

2 (i) CONTENTS.—Except as provided  
3 in clause (ii), an application for a grant to  
4 operate a State welfare to work program  
5 during fiscal year 1996 and each subse-  
6 quent fiscal year shall contain—

7 (I) a description of the program  
8 in accordance with section 6;

9 (II) the State work percentage  
10 (as determined under subparagraph  
11 (B)) for each of the 2 preceding fiscal  
12 years;

13 (III) a statement of the number  
14 of participants who became ineligible  
15 for participation in the program due  
16 to increased income for each of the 2  
17 preceding fiscal years; and

18 (IV) a statement of the amount  
19 of non-Federal resources that the  
20 State invested in the program in the  
21 preceding fiscal year.

22 (ii) SPECIAL RULE FOR APPLICATIONS  
23 SUBMITTED FOR FISCAL YEAR 1996.—An  
24 application for a grant to operate a State  
25 welfare to work program during fiscal year

1996 shall contain the information described in subclauses (II) and (III) of clause (i) only for the preceding fiscal year in lieu of such information for each of the 2 preceding fiscal years.

(B) STATE WORK PERCENTAGE.—For purposes of subparagraph (A)(ii), the State work percentage (prior to any adjustment under subparagraph (C)) for a fiscal year is equal to—

(i) the number of participants in the State welfare to work program in the fiscal year who were employed in private sector or public sector jobs for at least 20 hours per week for 26 weeks out of the year, divided by

(ii) the total number of participants in the State welfare to work program in the fiscal year.

(C) ADJUSTMENT.—

(i) IN GENERAL.—The State work percentage determined under subparagraph (B) for a fiscal year shall be adjusted by subtracting 1 percentage point from such State work percentage for each 5 percentage points by which the percentage of indi-

7 (ii) INDIVIDUAL DESCRIBED.—An in-  
8 dividual described in this clause is a custo-  
9 dial parent or other individual who is pri-  
10 marily responsible for the care of a child  
11 under the age of 18.

12 (D) MONITORING OF DATA.—The Sec-  
13 retary shall ensure the validity of the data pro-  
14 vided by a State under this paragraph.

15 (c) APPROVAL.—

16 (1) FISCAL YEARS 1995 AND 1996.—The Sec-  
17 retary shall approve each application for a grant to  
18 operate a State welfare to work program—

19 (A) during fiscal year 1995, if the applica-  
20 tion contains the information described in sub-  
21 section (b)(1); and

22 (B) during fiscal year 1996, if the applica-  
23 tion contains the information described in sub-  
24 section (b)(2).

(A) the State work percentage for the preceding fiscal year is greater than the State work percentage for the second preceding fiscal year; or

(B) more participants became ineligible for participation in the State welfare to work program during the preceding fiscal year due to increased income than became ineligible for participation in the program in the second preceding fiscal year as a result of increased income.

(3) SECRETARIAL REVIEW.—

(A) IN GENERAL.—If a State application for a grant under this Act is not automatically approved under paragraph (2), the Secretary shall approve the application upon a finding that the application—

(i) provides an adequate explanation of why the State work percentage or the number of participants who became ineli-

1 gible for participation in the State welfare  
2 to work program due to increased income  
3 during the preceding fiscal year did not ex-  
4 ceed such State work percentage or the  
5 number of participants who became ineli-  
6 gible for participation in the program in  
7 the second preceding fiscal year; and

(ii) provides a plan of remedial action which is satisfactory to the Secretary.

10 (B) ADEQUATE EXPLANATIONS.—An ade-  
11 quate explanation under subparagraph (A) may  
12 include an explanation of economic conditions  
13 in the State, failed program innovations, or  
14 other relevant circumstances.

15 (4) RESUBMISSION.—A State may resubmit an  
16 application for a grant under this Act until the Sec-  
17 retary finds that the application meets the require-  
18 ments of paragraph (3)(A).

## 19 SEC. 6. STATE WELFARE TO WORK PROGRAM DESCRIBED.

20 (a) IN GENERAL.—A State welfare to work program  
21 described in this section shall provide that—

22 (1) during fiscal year 1995, the State shall des-  
23 ignate individuals who are eligible for participation  
24 in the program and such individuals shall include at  
25 least those individuals who received benefits under

1       the State plan approved under part A of title IV of  
2       the Social Security Act during fiscal year 1994;

3               (2) during fiscal year 1996 and each subse-  
4       quent fiscal year, the State shall designate individ-  
5       uals who are eligible for participation in the program  
6       (as determined by the State), with priority given to  
7       those individuals most in need of such services; and

8               (3) the program shall be designed to move indi-  
9       viduals from welfare to self-sufficiency and may  
10      include—

- 11                       (A) job placement and training;
- 12                       (B) supplementation of earned income;
- 13                       (C) nutrition assistance and education;
- 14                       (D) education;
- 15                       (E) vouchers to be used for rental of pri-  
16       vately owned housing;
- 17                       (F) child care;
- 18                       (G) State tax credits;
- 19                       (H) health care;
- 20                       (I) supportive services;
- 21                       (J) community service employment; or
- 22                       (K) any other assistance designed to move  
23       such individuals from welfare to self-sufficiency.

24       (b) NO ENTITLEMENT.—Notwithstanding any cri-  
25       teria a State may establish for participation in a State

1 welfare to work program, no individual shall be considered  
2 to be entitled to participate in the program.

3 **SEC. 7. STATE GRANTS.**

4 (a) IN GENERAL.—The Secretary shall annually  
5 award to each State with an application approved under  
6 section 5(c) an amount equal to—

7 (1) in fiscal year 1995, 100 percent of the  
8 State's base amount;

9 (2) in fiscal year 1996, the sum of 80 percent  
10 of the State's base amount, 20 percent of the State's  
11 share of the national grant amount, and any applica-  
12 ble bonus payment;

13 (3) in fiscal year 1997, the sum of 60 percent  
14 of the State's base amount, 40 percent of the State's  
15 share of the national grant amount, and any applica-  
16 ble bonus payment;

17 (4) in fiscal year 1998, the sum of 40 percent  
18 of the State's base amount, 60 percent of the State's  
19 share of the national grant amount, and any applica-  
20 ble bonus payment;

21 (5) in fiscal year 1999, the sum of 20 percent  
22 of the State's base amount, 80 percent of the State's  
23 share of the national grant amount, and any applica-  
24 ble bonus payment; and

5 (b) STATE BASE AMOUNT.—

6 (1) IN GENERAL.—For purposes of subsection  
7 (a), a State's base amount is equal to—

11 (B) for fiscal year 1996 and succeeding  
12 fiscal years, 99.6 percent of the amount deter-  
13 mined under paragraph (2).

17 (A) the amount of Federal financial par-  
18 ticipation received by the State under section  
19 403 of the Social Security Act during fiscal  
20 year 1994; and

21 (B) an amount equal to the sum of—

22 (i) the benefits under the food stamp  
23 program under the Food Stamp Act of  
24 1977 (7 U.S.C. 2011 et seq.), including  
25 benefits provided under section 19 of such

6 (ii) the amount paid to the State  
7 under section 16 of the Food Stamp Act of  
8 1977 (7 U.S.C. 2011 et seq.) during fiscal  
9 year 1994 for administrative expenses for  
10 providing benefits to non elderly and non  
11 disabled individuals.

12 (c) STATE SHARE OF THE NATIONAL GRANT  
13 AMOUNT—

24 (A) STATE PER CAPITA INCOME MEAS-  
25 URE—The amount determined under this sub-

paragraph is an amount which bears the same ratio to one-quarter of the national grant amount as the product of—

- (i) the population of the State; and
- (ii) the allotment percentage of the  
e (as determined under paragraph

bears to the sum of the corresponding products for all States.

(B) STATE UNEMPLOYMENT MEASURE.—

The amount determined under this subparagraph is an amount which bears the same ratio to one-quarter of the national grant amount as the number of individuals in the State who are estimated as being unemployed according to the Department of Labor's annual estimates bears to the number of individuals who are estimated as being unemployed according to the Department of Labor's annual estimates in all States.

(3) STATE EFFORT.—The amount determined under this paragraph is the amount which bears the same ratio to one-half of the national grant amount as the product of—

(A) the dollar amount the State invested in the State welfare to work program in the pre-

(B) the allotment percentage of the State  
(as determined under paragraph (4)),

5 bears to the sum of the corresponding products for  
6 all States.

7 (4) ALLOTMENT PERCENTAGE.—

12 (B) STATE PERCENTAGE.—The State per-  
13 centage shall be the percentage which bears the  
14 same ratio to 50 percent as the per capita in-  
15 come of such State bears to the per capita in-  
16 come of all States.

17 (C) EXCEPTION.—The allotment percent-  
18 age shall be 70 percent in the case of Puerto  
19 Rico, the Virgin Islands, Guam, and American  
20 Samoa.

21 (5) DETERMINATION OF GRANT AMOUNTS.—

22 Each State's share of the national grant amount  
23 shall be determined under this subsection on the  
24 basis of the average per capita income of each State  
25 and all States for the most recent fiscal year for

1       which satisfactory data are available from the De-  
2       partment of Commerce and the Department of  
3       Labor.

4               (6) NATIONAL GRANT AMOUNT.—The term  
5       “national grant amount” means an amount equal to  
6       99.6 percent of sum of the amounts determined  
7       under subsection (b)(2) for all States.

8               (d) BONUS PAYMENT.—Beginning with fiscal year  
9       1996, the Secretary may use 0.4 percent of the sum of  
10      the amounts determined under subsection (b)(2) for all  
11      States to award additional bonus payments under this sec-  
12      tion to those States which have the highest or most im-  
13      proved State work percentage as determined under section  
14      5(b)(2)(B). The Secretary shall designate one State as the  
15      leading job placement State and such State shall receive  
16      the highest bonus payment under the preceding sentence  
17      and the President is authorized and requested to acknowl-  
18      edge such State with a special Presidential award.

19               (e) USE OF FUNDS FOR ADMINISTRATIVE PUR-  
20      POSES.—A State shall not use more than 10 percent of  
21      the amount it receives under this section for the adminis-  
22      tration of the State welfare to work program.

23               (f) CAPPED ENTITLEMENT.—This section constitutes  
24      budget authority in advance of appropriations Acts, and  
25      represents the obligation of the Federal Government to

1 provide the payments described in subsection (a) (in an  
2 amount not to exceed the sum of the amounts determined  
3 under subsection (b)(2) for all States).

4 **SEC. 8. STATE MAINTENANCE OF EFFORT.**

5 Any funds available for the activities covered by a  
6 State welfare to work program conducted under this Act  
7 shall supplement, and shall not supplant, funds that are  
8 expended for similar purposes under any State, regional,  
9 or local program.

10 **SEC. 9. TERMINATION OF CERTAIN FEDERAL WELFARE  
11 PROGRAMS.**

12 (a) **TERMINATION OF AFDC AND JOBS PRO-  
13 GRAMS.**—

14 (1) **AFDC.**—Part A of title IV of the Social Se-  
15 curity Act (42 U.S.C. 601 et seq.) is amended by  
16 adding at the end the following new section:

17 “**TERMINATION OF AUTHORITY**

18 “**SEC. 418.** The authority provided by this part shall  
19 terminate on October 1, 1994.”.

20 (2) **JOBS.**—Part F of title IV of the Social Se-  
21 curity Act (42 U.S.C. 681 et seq.) is amended by  
22 adding at the end the following new section:

23 “**TERMINATION OF AUTHORITY**

24 “**SEC. 488.** The authority provided by this part shall  
25 terminate on October 1, 1994.”.

1        (b) FOOD STAMP PROGRAM TO SERVE ONLY ELDER-  
2 LY AND DISABLED INDIVIDUALS.—

3            (1) DEFINITIONS.—Section 3 of the Food  
4 Stamp Act of 1977 (7 U.S.C. 2012) is amended—

5                (A) in subsection (g)—

6                    (i) in paragraph (4), by striking “(and  
7                        their spouses)”;

8                    (ii) in paragraph (5)—

9                        (I) by striking “in the case of”  
10                        and inserting “in the case of elderly  
11                        or disabled”; and

12                        (II) by inserting “disabled” be-  
13                        fore “children”; and

14                        (iii) in paragraph (8), by inserting  
15                        “elderly or disabled” before “women and  
16                        children temporarily”;

17                (B) in subsection (i)—

18                        (i) in the first sentence—

19                        (I) in paragraph (1), by inserting  
20                        “elderly or disabled” before “individ-  
21                        ual”; and

22                        (II) in paragraph (2), by insert-  
23                        ing “, each of whom is elderly or dis-  
24                        abled,” after “individuals”;

(ii) in the second sentence, by inserting before the period at the end the following: “, if each of the individuals is elderly or disabled”;

(iii) in the third sentence—

(I) by striking “, together” and all that follows through “of such individual,”; and

(II) by striking “, excluding the spouse,”; and

(iv) in the fifth sentence—

(I) by striking "coupons, and" and inserting "coupons, and elderly or disabled"; and

(II) by inserting "disabled" after "together with their"; and

17 (C) in subsection (r), by striking “Elderly”  
18 and all that follows through “who” and insert-  
19 ing the following: “Elderly or disabled”, with re-  
20 spect to a member of a household or other indi-  
21 vidual, means a member or other individual  
22 who”.

23 (2) CONFORMING AMENDMENTS.—

24 (A) ELIGIBILITY.—Section 5 of such Act  
25 (7 U.S.C. 2014) is amended—

1 (i) in the first sentence of subsection

2 (c) —

3 (I) by striking "program if—"  
4 and all that follows through "house-  
5 hold's income" and inserting "pro-  
6 gram if the income of the household";

7 (II) by striking "respectively;  
8 and" and inserting "respectively.";  
9 and

10 (III) by striking paragraph (2);

11 and

12 (ii) in subsection (e)—

13 (I) in the first sentence, by striking  
14 ing “containing an elderly or disabled  
15 member and determining benefit levels  
16 only for all other households”;

17 (II) in the fifteenth sentence—

18 (aa) by striking "containing  
19 an elderly or disabled member";

30 and

21 (bb) in subparagraph (A),  
22 by striking “elderly or disabled  
23 members” and inserting “the  
24 members”;

(III) in the seventeenth sentence, by striking “elderly and disabled”; and

(IV) by striking the fourth through fourteenth sentences.

6 (B) PERIODIC REPORTING.—Section  
7 6(c)(1)(A)(iv) of such Act (7 U.S.C.  
8 2015(c)(1)(A)(iv)) is amended by striking “and  
9 in which all adult members are elderly or dis-  
10 abled”.

(c) REFERENCES IN OTHER LAWS.—

23 (2) STATE PLANS.—Any reference in any law,  
24 regulation, document, paper, or other record of the  
25 United States to a State plan that has been termi-

1 nated by reason of the amendments made in sub-  
2 section (a), shall, unless the context otherwise re-  
3 quires, be considered to be a reference to such plan  
4 as in effect immediately before the date of the enact-  
5 ment of this Act.

6 **SEC. 10. ELIGIBILITY FOR WIC PROGRAM.**

7 (a) **IN GENERAL.**—Section 17(d)(1) of the Child Nu-  
8 trition Act of 1966 (42 U.S.C. 1786(d)(1)) is amended  
9 by adding at the end the following new sentence: “For  
10 purposes of participation in the program under this sec-  
11 tion, a child shall be considered to be at nutritional risk  
12 if such child is in the care of a custodial parent or other  
13 individual primarily responsible for the care of such child  
14 who is a participant in a State welfare to work program  
15 which receives Federal funds under the Welfare to Work  
16 Act of 1994.”.

17 (b) **CONFORMING AMENDMENTS.**—Section  
18 17(d)(2)(A)(ii) of the Child Nutrition Act of 1966 (42  
19 U.S.C. 1786(d)(2)(A)(ii)) is amended—

20 (1) by striking “(ii)(I)” and inserting “(ii)”;  
21 and  
22 (2) by striking subclause (II).

23 (c) **EFFECTIVE DATE.**—The amendments made by  
24 this section shall apply on and after October 1, 1994.

1 SEC. 11. SECRETARIAL SUBMISSION OF LEGISLATIVE PRO-  
2 POSAL FOR AMENDMENTS TO MEDICAID ELI-  
3 GIBILITY CRITERIA AND TECHNICAL AND  
4 CONFORMING AMENDMENTS.

5 The Secretary shall, within 90 days after the date  
6 of enactment of this Act, submit to the appropriate com-  
7 mittees of Congress, a legislative proposal providing eligi-  
8 bility criteria for medical assistance under a State plan  
9 under title XIX of the Social Security Act (42 U.S.C.  
10 1396 et seq.) in lieu of the eligibility criteria under section  
11 1902(a)(10)(A)(i) of such Act (42 U.S.C.  
12 1396a(a)(10)(A)(i)) relating to the receipt of aid to fami-  
13 lies with dependent children under a State plan under part  
14 A of title IV of the Social Security Act (42 U.S.C. 601  
15 et seq.) and such technical and conforming amendments  
16 in the law as are required by the provisions of this Act.

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